



## DIVIDEND DISTRIBUTION POLICY

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### DIVIDEND DISTRIBUTION POLICY

#### **1. Preamble**

This Dividend Distribution Policy (“**Policy**”) is formulated pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”). The Board of Directors of Saketh Sevvenstar Industries Limited (“**the Company**” or “**the Board**”) has adopted this Policy to outline the general principles for determining the dividend distribution to shareholders.

Although this Policy is being disclosed on a voluntary basis, it aims to provide transparency and consistency in the Company’s approach to distributing profits. The Policy shall be published on the Company’s website and disclosed in its Annual Report.

#### **2. Objective**

The Company is committed to maximizing shareholder value while ensuring sustainable business growth. This Policy aims to:

- Outline the circumstances and financial parameters under which the Board may consider declaring dividends;
- Strike an appropriate balance between rewarding shareholders and retaining profits for future investments;
- Ensure consistency and transparency in the decision-making process for dividend distribution.

#### **3. Effective Date<sup>(1)</sup>**

This Policy shall become effective from the date it is approved by the Board of Directors.

#### **4. Policy Framework**

This Policy is framed in accordance with the Companies Act, 2013, applicable SEBI Regulations, Ministry of Corporate Affairs guidelines, and other relevant legal provisions. Any subsequent statutory amendments shall automatically be deemed to be incorporated into this Policy from their effective dates.

This Policy serves as guidance and does not restrict the Board’s discretion in declaring or recommending dividends based on evolving circumstances.

#### **5. Types of Dividends**

##### **5.1 Interim Dividend**

The Board of Directors may declare interim dividends one or more times during the financial year, generally after reviewing the Company’s financial performance for a particular quarter or half-year period. Such interim dividends may also be declared to commemorate special occasions or milestones, subject to the availability of distributable profits. All interim dividends shall be declared and paid in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In the event that no final dividend is declared at the Annual General Meeting, any interim dividend(s) declared during the year shall be considered as the final dividend for that financial year.

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### **5.2 Final Dividend**

The final dividend is declared annually, subject to shareholder approval at the Annual General Meeting (AGM).

The Board shall recommend the final dividend after considering the audited financial statements.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividends out of free reserves, strictly subject to compliance with the conditions prescribed under Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.

### **6. Circumstances Under Which Shareholders May or May Not Expect Dividend**

The Company may refrain from declaring dividends or declare them at a reduced rate in the following situations:

- Insufficient or negative profits;
- Substantial capital expenditure requirements;
- Inadequate cash flows or internal accruals;
- Higher cost of raising funds externally;
- Regulatory restrictions or legal prohibitions.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividends out of free reserves, strictly subject to compliance with the conditions prescribed under Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.

### **7. Parameters for Dividend Distribution**

The Board may consider the following financial and operational parameters while evaluating dividend payouts:

- Net profit earned during the financial year;
- Free reserves and retained earnings;
- Future earnings projections and planned capital outlay;
- Debt service obligations and interest coverage;
- Liquidity position and cash flow adequacy;
- Applicable taxes including tax on dividend;
- Past dividend trends and industry benchmarks;
- Prevailing macroeconomic and market conditions;
- Any exceptional items or one-time adjustments.

### **8. Other Internal and External Considerations**

Apart from financial indicators, the Board shall also consider:

- Operating cash flows: Sustainability of core operations.
- Cost of borrowing: Comparative viability of external funding versus internal accruals.
- Tax implications: Withholding taxes, dividend tax policies, and their impact.
- Economic outlook: Uncertainty or adverse regulatory policies may influence retention of earnings.
- Reputation: Maintaining consistency to uphold the Company's market standing.
- Legal restrictions: Including covenants under financing or regulatory constraints.

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### **9. Dividend Pay-Out Ratio**

The Company strives to maintain a healthy dividend pay-out while preserving sufficient funds for business growth. Although no fixed pay-out ratio is defined, the Board shall endeavour to maintain a balance between shareholder returns and reinvestment needs based on:

- Projected financial performance;
- Capital expenditure requirements;
- Business expansion or acquisition plans.
- The retained earnings shall primarily be used for:
- Funding ongoing and future business expansion;
- Investing in research and innovation;
- Reducing debt obligations and strengthening balance sheet health.

### **10. General Provisions**

In case of any inconsistency between this Policy and applicable laws or regulations, the latter shall prevail.

The Company reserves the right to amend, modify or replace this Policy, in whole or in part, at its sole discretion, in compliance with statutory provisions.

Any such changes shall be disclosed on the Company's website and in the Annual Report, along with appropriate justification.

### **11. Approval and Review<sup>(2)</sup>**

This Dividend Distribution Policy has been reviewed and approved by the Board of Directors of the Company at its meeting held on May 28, 2025.

The Policy shall be periodically reviewed by the Board to ensure continued alignment with applicable legal and regulatory requirements, as well as the business objectives of the Company. Any amendments or modifications to this Policy shall also be approved by the Board and suitably disclosed on the Company's website and in the Annual Report, along with the rationale for such changes.

*[Comment] Note <sup>(1)</sup>: This clause defines when the policy becomes enforceable. It is a one-time declaration effective upon board approval.*

*[Comment] Note <sup>(2)</sup>: This clause governs ongoing responsibilities for periodic review and amendment. It is not equivalent to the effective date clause.*

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